

Message Text

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PAGE 01 STATE 184011
ORIGIN SNM-05

INFO OCT-01 EA-10 ISO-00 DEAE-00 /016 R

DRAFTED BY S/NM:RMGIBSON:BB

APPROVED BY S/NM:MFALCO

EA/TIMBS:HMEINHEIT (DRAFT)

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O 202125Z JUL 78

FM SECSTATE WASHDC

TO AMEMBASSY BANGKOK IMMEDIATE

AMEMBASSY RANGOON IMMEDIATE

AMEMBASSY MANILA IMMEDIATE

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FOR S/NM CONTROLLER SOHLIN

E.O. 11652: NA

TAGS: SNAR, TH

SUBJECT: INC FUNDED CONTRACTS

REF: MANILA 12353 (NOTAL)

1. IN RESPONSE TO REFTTEL, THE DEPARTMENT HAS UNDERTAKEN INITIAL REVIEW OF THE POSSIBILITIES OF MAKING AVAILABLE ADDITIONAL FUNDING FOR CONTRACT NUMBERS 1501 (E-SYSTEMS) AND CONTRACT 1504 (HELI-ORIENT). INITIAL INDICATIONS ARE THAT ADDITIONAL FUNDING WILL NOT REPEAT NOT BE AVAILABLE FOR THESE CONTRACTS. IT IS ESSENTIAL, THEREFORE, THAT WE RESTRICT FY 1978 SPENDING TO PREVIOUSLY APPROVED CONTRACT FUNDING LEVELS. OUR THOUGHTS ON POSSIBLE WAYS OF ELIMINATING THE ANTICIPATED OVER-SPENDING ARE SET FORTH BELOW AND WE WOULD APPRECIATE YOUR FURTHER LIMITED OFFICIAL USE

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COMMENTS AND SUGGESTIONS.

2. THE DEPARTMENT'S UNDERSTANDING REGARDING CONTRACT 1501 IS THAT FINAL COMMITMENT HAS NOT REPEAT NOT YET BEEN MADE FOR THE F-27 IRAN (\$150,000), THE THREE ENGINE OVERHAULS (\$150,000), AND THE ESTIMATED JULY THROUGH SEPTEMBER ORDERS (\$161,000). MOVING THIS WORK FORWARD

INTO FY 1979 SHOULD THEREFORE RESULT IN A SAVINGS OF \$461,000 THIS FISCAL YEAR. THE DEPARTMENT FURTHER

SUGGESTS THAT THE BELL 205 OVERHAUL (\$375,000) BE DEFERRED UNTIL FY 1979, IF NO FORMAL COMMITMENT FOR FY 1978 EXISTS. THE BELL 205 DEFERRAL WOULD APPEAR TO BRING POSSIBLE FY 1978 SAVINGS FOR THE 1501 CONTRACT TO \$806,000.

3. REGARDING CONTRACT NO. 1504 (HELI-ORIENT), THE DEPARTMENT IS UNFAMILIAR WITH THE PROPOSED \$680,000 EXPENDITURE FOR ONTRAC III. WE WOULD APPRECIATE FULL DETAILS CONCERNING ONTRAC III PROCUREMENT ACTIONS ALREADY UNDERTAKEN AS WELL AS A FULL EXPLANATION AND JUSTIFICATION FOR PROCUREMENT OF THIS SYSTEM. UNDER ANY CIRCUMSTANCE, FURTHER ONTRAC III PROCUREMENT SHOULD BE HELD IN ABEYANCE PENDING REVIEW AND FINAL DECISION IN THE DEPARTMENT. ALSO UNDER CONTRACT 1504, THE DEPARTMENT SUGGESTS IMMEDIATE ACTION TO REDUCE ANTICIPATED BELL 206 SPARE PARTS PROCUREMENTS TO THE LOWEST POSSIBLE LEVEL DURING FY 1978.

4. THE DEPARTMENT BELIEVES IT ESSENTIAL THAT BOTH E-SYSTEMS AND HELI-ORIENT BE MADE FULLY AWARE OF CURRENT FUNDING LIMITATIONS AND THEIR OWN RESPONSIBILITY FOR ENSURING THAT THESE LIMITATIONS ARE NOT EXCEEDED. WE LIMITED OFFICIAL USE

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AGREE WITH THE NEED FOR CLOSE COORDINATION BETWEEN BURMESE PROCUREMENT OFFICIALS AND EMBASSY RANGOON IN ORDER TO ENSURE FINANCIAL CONTROL CONSISTENT WITH CONTRACTS AND FUND AVAILABILITIES.

5. REFTEL BEING REPEATED TO RANGOON. CHRISTOPHER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FUND ALLOTMENT, DRUG CONTROL, CONTRACTS
Control Number: n/a
Copy: SINGLE
Draft Date: 20 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE184011
Document Source: CORE
Document Unique ID: 00
Drafter: RMGIBSON:BB
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780298-1140
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780737/aaaabesn.tel
Line Count: 100
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c153a66f-c288-dd11-92da-001cc4696bcc
Office: ORIGIN SNM
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 MANILA 12353
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 04 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1935615
Secure: OPEN
Status: NATIVE
Subject: INC FUNDED CONTRACTS
TAGS: SNAR, TH, INC
To: BANGKOK RANGOON MULTIPLE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/c153a66f-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014